

CAROLINA FIRST CENTER

In 2001, the City purchased the Carolina First Center from the Textile Hall Corporation to save the facility from foreclosure. Located on a 39-acre campus, the Carolina First Center is one of the largest convention and conference centers in the Southeast. The annual economic impact of the Carolina First Center is estimated at more than \$50 million. In 2005, the City embarked on a multi-stage renovation project estimated to cost more than \$20,000,000, funded by local, state, and private sources. After the renovation, the Carolina First Center will include 315,000 square feet of exhibit space and 30,000 square feet of meeting and conference space as well as a new entrance and public circulation concourse. The renovation will make the Carolina First Center more competitive in the marketplace.

CAROLINA FIRST CENTER				
	2005-06 <u>Actual</u>	2006-07 <u>Actual</u>	2007-08 <u>Budget</u>	2008-09 <u>Budget</u>
OPERATING REVENUES				
Rental Income	\$ 1,087,167	999,830	1,084,800	1,140,202
Food & Beverage	2,766,718	2,470,070	2,507,948	2,851,346
Services	687,009	577,266	558,299	98,416
Ancillary	66,852	70,882	102,011	537,821
Show Management	628,384	567,446	801,921	633,500
Miscellaneous	61,566	22,805	23,395	28,408
External Reimbursements	24,624	22,614	0	0
TOTAL OPERATING REVENUES	5,322,320	4,730,913	5,078,374	5,289,693
OPERATING EXPENSES				
Personnel	2,902,645	2,838,629	3,045,980	3,039,447
Administrative	321,686	290,825	278,571	275,469
Professional Services	103,641	128,315	96,960	102,434
Show Management	468,534	528,247	680,558	590,553
Advertising Expense	226,633	127,051	147,800	154,000
Rent Expense	79,714	77,992	99,097	81,676
Materials & Supplies	80,694	72,184	76,162	90,927
Food and Beverage	604,858	488,653	556,437	610,446
Repairs & Maintenance	796,873	788,783	825,584	901,026
Travel & Training Expense	22,178	28,583	30,900	32,400
Miscellaneous	13,461	10,692	99,000	15,100
Management Fee	298,824	121,713	131,342	156,765
TOTAL OPERATING EXPENSES	\$ 5,919,741	5,501,667	6,068,391	6,050,243
Operating Income (Loss)	(597,421)	(770,754)	(990,017)	(760,550)
Other financing sources (uses):				
Transfer In - State Accommodations Tax	0	0	84,000	0
Transfer In - Hospitality Tax Fund	115,208	1,681,895	943,309	789,717
Transfer In - Capital Projects Fund	1,977,513	373,000	0	0
Department of Justice Grant	493,813	64,436	0	0
Naming Rights Revenue	0	125,064	260,000	270,400
Naming Rights Debt Service	0	0	(260,000)	(270,400)
Investment Earnings	0	12,630	0	0
Interest Expense and Fiscal Charges	0	(11,289)	0	0
Transfer Out - Risk Management Fund	(54,000)	(25,653)	(37,292)	(29,167)
	2,532,534	2,220,083	990,017	760,550

(CAROLINA FIRST CONTINUED)

		2005-06 <u>Actual</u>	2006-07 <u>Actual</u>	2007-08 <u>Budget</u>	2008-09 <u>Budget</u>
Change in Net Assets	\$	1,935,113	1,449,329	0	0
Adjustments - CAFR (b)					
Depreciation		(176,832)	(181,093)	0	0
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Change in Net Assets, Adjusted	\$	1,758,281	1,268,236	0	0

(a) The agreement between the City and SMG provides a management fee that is adjusted annually for inflation. In addition, the City and SMG have an agreement to reduce the annual operating deficit (not including management fee, debt service, or capital expenses). The agreement sets a target of \$675,000 for FY 2008-09. This budget includes \$21,365 should SMG achieve the deficit reduction target.

(b) In accordance with generally accepted accounting principles on the treatment of enterprise funds, the operating statement in the Comprehensive Annual Financial Report (CAFR) includes depreciation as an expense and excludes principal payment on debt service. The schedule above adds back these two items in order to reconcile with the operating statement in the CAFR.

FY 2008-09 BUDGET HIGHLIGHTS

The Carolina First Center budget reflects:

- ♦ A reduction in the Hospitality Tax operating subsidy from \$943,309 to \$789,717.
- ♦ Revenue and expense categories for Services and Ancillary have been adjusted to reflect new reporting guidelines.
- ♦ The Show Management revenues decrease \$168,421 as the Carolina First Center no longer manages the local RV show and exhibition.

STRATEGIC INITIATIVES

Growing Economy with Entrepreneurial Spirit	Ongoing Initiative	FY 08-09 Initiative
Market newly-renovated Carolina First Center as a viable convention and conference center.		<input checked="" type="checkbox"/>
Continue promotion of naming opportunities for portions of the Carolina First Center (ballroom, concourse, gardens, etc.) to fund future improvements.		<input checked="" type="checkbox"/>